by L. Jay Atkinson☆

Consumer Markets For Durable Goods

CONSUMER markets for durable goods have experienced wide swings in demand reaching a peak in the post-Korean buying wave and subsequently undergoing a decline which has been more or less severe in particular lines. For more than a year sales of these products have been substantially lower than in 1950, although higher than in any earlier year.

Since this decline occurred during a period of rising income, the special influences affecting the trend in consumer buying are of particular interest. Of these, one of the more important is the catching-up on the deferred demand which resulted from the wartime gap in production.

Though the decline in sales of durables during 1951 was general, the extent and the duration of the drop varied considerably from product to product. In a number of instances strong growth trends have limited the decline in sales.

Sales of consumer durables throughout the postwar period have been considerably higher than the rate attained before the war, as shown in the following comparison. The auto registrations are from R. L. Polk & Co. and the other figures are factory shipments, from Electrical Merchandising. They are in thousands of units.

	New passenger car registrations	*Television sets*	*Refrigerators*	*Washing machines*
1941	3,731	----------	3,500	2,014
1946	1,815	6	2,100	2,124
1947	3,167	179	3,400	4,231
1948	3,491	975	4,766	4,616
1949	4,338	3,000	4,450	3,200
1950	6,326	7,464	6,200	4,406
1951	5,061	5,100	4,075	3,533

In this article, recent developments in sales and in stocks of consumer durable goods will be discussed, together with a review of statistical measures of demand. These market—or demand—estimates are based upon historical relationships of basic influences affecting sales. These are presented for (a) all automobiles in use, (b) sales of new automobiles, and (c) major household articles including furniture and television. In effect this article brings up to date the market analyses made for these products just prior to the Korean invasion.[1]

From the summer of 1941, when a limitation on automobile production first restricted the supply of cars in use, until 1951 the total supply of automobiles was below the number which the buying public wished to operate. As the supply of cars reached more nearly normal proportions and new cars were becoming more readily available, limitation orders again brought a restriction in output.

As shown in the accompanying chart, it has taken 6 years to restore the car population to a point about in line with long term relationships with income and population growth. However, there is still a large number of old cars on the road, as shown in the bottom segment of the chart.

During the period 1925–40 the number of cars in use was related to the growth in population on the one hand and to income on the other. Each 1 percent increase in the number of households was associated with a 1 percent increase in the number of cars, and each 1 percent change in income was associated with a change of about one-half percent in the same direction in the number of cars. As can be seen in the chart, these two factors accounted reasonably well for total auto registrations in the prewar years.[2]

Age distribution more normal

With the total number of cars now more nearly normal, the distortion in the age distribution of cars in use has been gradually reduced. About half the cars in use are less than 5 years of age, which is about the same proportion as in 1941 and three-fifths are postwar models. There are few cars, however, in the 5 to 9 year group, as a result of the war period gap in production. The number of cars over 10 years of age is now a substantially larger proportion of the total than in 1941. This is partly due to the influence of the secular trend toward longer life of automobiles.

Another aspect of the broad demand picture for automobiles is the more nearly normal expenditures in 1951 by consumers for user-owned transportation. Such expenditures include not only the cost of automobiles purchased but also garage bills, gasoline and oil, insurance, and other operating costs. During the period for which data are available before the war (1929–40) such expenditures by consumers showed about the same relative fluctuations as disposable income, as compared with considerably wider fluctuations in new-car purchases.

During the first few years after 1945 user-owner transportation expenditures were low in comparison with past income relationships, because of the moderate output of new cars in these years and the restricted supply of total automobiles in use. User-owner expenditures continued to rise in each postwar year through 1950, reaching a peak of $19.5 billion in that year, about $12.5 billion higher than the prewar peak in 1941. In 1951, they declined 5 percent, and at $18.5 billion were about in line with prewar relationships with income, allowing for a gradual growth trend.

Basic demand factors

In analyzing the demand for new automobiles over a long span of years, a rather large number of influences appear to be significant. Only the more important of these have been incorporated into a demand equation. Those selected include: (1) income, (2) households, (3) the price of cars in relation to all consumer prices, and (4) the average scrappage age.[3]

On the basis of a least squares relationship developed between these factors and new-car sales, it has been possible to account for most of the variations in car purchases in the

[1] "The Postwar Furniture Market . . ." by Walter Jacobs and Clement Winston. SURVEY OF CURRENT BUSINESS, May 1950. "The Demand for Consumers' Durable Goods," SURVEY OF CURRENT BUSINESS, June 1950.

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[2] Calculated from a least squares regression for the years 1925–40. Equation: $Y=0.0009058 X_1^{1.00} X_2^{0.49}$, where X_1=number of households in millions; X_2=real disposable personal income in billions of 1939 dollars; Y=total private passenger car registrations in millions. Coefficient of correlation $R=0.96$. Sources of data: Actual—R. L. Polk & Co.; Calculated—income and households, U. S. Department of Commerce, Office of Business Economics.

[3] These factors are the same as those used in the article cited above in the June 1950 issue of SURVEY OF CURRENT BUSINESS, except that scrappage age has been substituted for a time trend.

prewar years. The relationship is, of course, inappropriate for the war and the early postwar years. Currently, the relationship yields estimates which are roughly in line with actual car sales, though the latter are affected by a number of special influences.

The influence of the growth in population over a period of 25 years, which is the period spanned in the analysis of auto demand, is very important. During this period, total population increased one-third and the number of households nearly two-thirds. Since households correspond somewhat more closely to the "primary economic unit" insofar as the demand for automobiles is concerned, income and the number of automobiles purchased are both used on a per-household basis in developing the demand relation for new cars.

The most important factor affecting new automobile sales is the real purchasing power of individuals. This is measured by real disposable income. Excluding the influence of other factors, each change of 1 percent in the level of real disposable income was associated with a change of 2.5 percent in the same direction in new automobile sales during the base period; and each change of 1 percent in the ratio of the current to the preceding year's income was associated with a change of 2.3 percent in the same direction in sales.[4]

The age at which cars are scrapped has an important though indirect influence upon new car sales. (The influence is indirect in that three-fourths of the new car buyers trade in their cars by the time they are 5 years old, but few are scrapped until they are more than twice this age.)[5] Cars are being built more durably, and there is a secular trend toward longer useful life. This was accentuated in the years soon after the war when cars were being kept in use because of the shortage of cars available. Average scrappage age rose to a peak of 14 years in 1949, but declined to 13.5 years in 1950 and to an estimated 13 years in 1951. The latter figure is 3 years greater than the scrappage age just prior to the war.

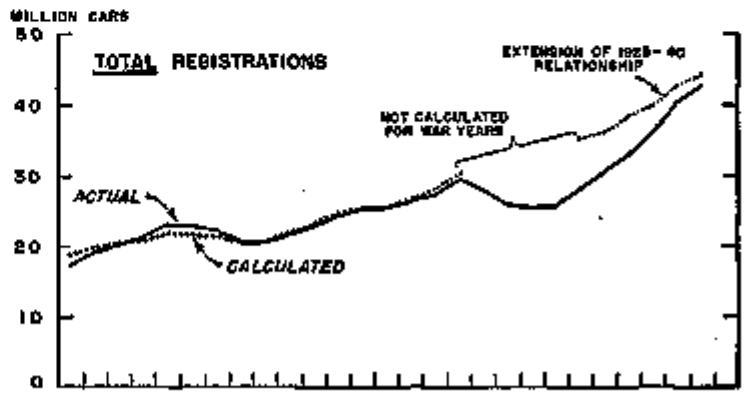
The relationship indicates that each increase in scrappage age of one year was associated with a decline in new automobile sales of about 7 percent, other factors remaining unchanged.

The final factor used in the demand equation is the price of automobiles in relation to the Consumers' Price Index. In the first few years after the end of the war the list price of automobiles had risen about the same from the 1935–39 period as consumer prices generally, and the demand for cars at this price exceeded the supply available. By 1949, there was some easing in consumers' prices as a whole, but automobiles—still in short supply—advanced in price. Since that time the ratio of automobile prices to the Consumers' Price Index has been higher than in the prewar period. According to the demand equation, this has had an appreciable influence upon car sales. Aside from the influence of other factors, each 1 percent increase in the ratio of the price of cars to the Consumers' Price Index was associated with an average decrease of one and one-third percent in new car sales in the base period. The price of cars includes only standard accessories. The cars sold in the postwar period have had more accessories and more *deluxe* features than those sold in earlier years, and as a consequence the total price paid by auto purchasers has increased somewhat more than the price indexes.

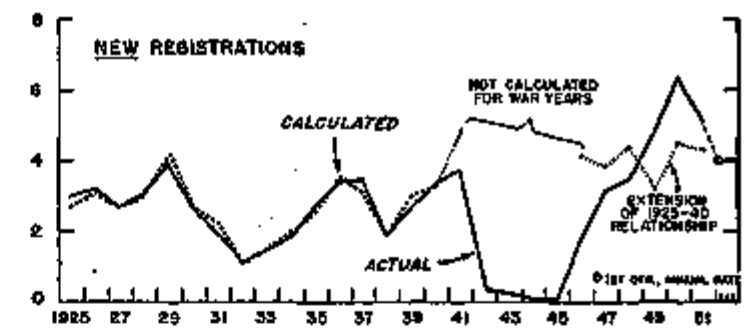
One aspect of these factors of special interest is that combinations of two of them affecting demand in the same direction imply a very substantial change in automobile sales. For example, a decline of one year in scrappage age along with a reduction of 10 percent in car prices in relation to other prices, at current income levels, would be associated with an increase of 1 million car sales.

Passenger Automobile Transportation Rebuilt Since the War

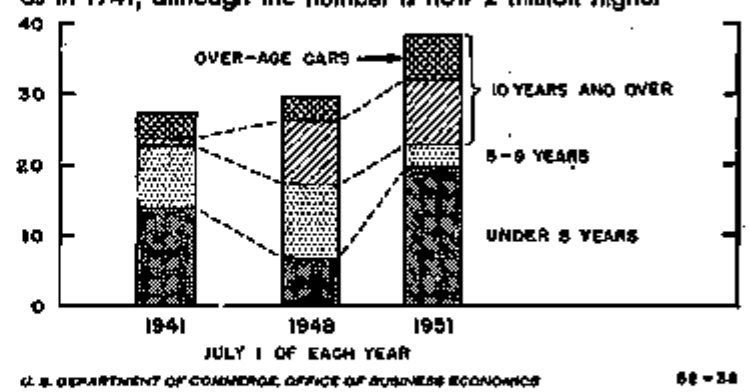
It took 6 years to bring autos in use about in line with income and population growth



Sales roughly consistent with prewar relationships



The proportion of over-age cars in use is about the same as in 1941, although the number is now 2 million higher



As shown in the middle panel of the chart, the use of these four factors in the estimating equation accounts for almost all of the variation in the sale of new cars in the base period 1925–40.

For the years 1941 through 1950, either the demand or the supply of automobiles was affected by special influences. In 1941 new automobile production was curtailed, and then after the war a combination of influences delayed the attainment of

[4] Calculated from a least squares regression for the years 1925–40. Equation: $Y=0.0003239\ X_1^{2.50}\ X_2^{1.30}\ X_3^{-1.33}\ (0.932)^{X_4}$, where X_1=real disposable income per household in 1939 dollars; X_2=percentage of current to preceding year in real disposable income per household in 1939 dollars; X_3=percentage of average retail price of cars to consumers' prices; X_4=average scrappage age; Y=new private passenger car registrations per 1,000 households. Coefficient of correlation $R=0.96$.

Sources of data: Actual—R. L. Polk & Company; calculated—income and households, U. S. Department of Commerce; prices, U. S. Department of Labor, Bureau of Labor Statistics and Automobile Manufacturers Association; scrappage age, Automobile Manufacturers Association.

Alternative equations and some limitations on this type of analysis are discussed in the technical notes at the end of this article.

[5] Survey by Alfred Politz Bureau, April 1951 for Automobile Manufacturers Association.

mass production of automobiles until about 1949. For the next two years production was at very high rates as the wartime backlog was being worked off, and then in the latter part of 1950 and early 1951, there was an acceleration of buying as fears of shortages and price advances led to a temporary upsurge.

Current estimates in line with actual sales

As the economy generally overcame the inflationary demand situation after the first quarter of 1951, sales of automobiles in the second half of 1951 declined to 4.5 million on an annual rate basis, which was about the output permitted under CMP regulations and also about equivalent to the calculated United States demand based upon prewar relationships and the export of about 225,000 during 1951.

On the basis of preliminary estimates, in the first quarter of 1952 the usual demand influences have roughly the same strength as in 1951. Production of cars was held below 1 million in the first quarter of the year by restrictions of the NPA both on the materials to be used and by quotas on the number to be assembled in the quarter. Stocks of cars in the hands of dealers at the beginning of the year were a little greater than one month's sales, and they have not shown the usual seasonal rise in anticipation of spring buying. Meanwhile, the easing in the supply of materials permitted an increase in allocations to automobile builders, and the assembly of cars expanded in the latter part of the first quarter and the beginning of the second.

Other factors

As indicated above, a number of influences, some of them of considerable significance, have not been included in the demand equation described. Of these, credit terms are especially relevant at the present time.[4] Nearly half of the new automobiles are purchased on installment credit. The typical purchaser of a new automobile is able to obtain the down payment required by the disposition of his old car, and thus the down payment is not often a critical factor. On the other hand, the monthly payments required are apt to be a sizable portion of the purchaser's budget, and thus the number of months for which the car may be financed is an important influence affecting car sales. Under Regulation W, the period of financing for new cars was restricted from a typical 24 months to 15 months. In August 1951, the period was increased to 18 months.

A substantial redistribution of the human population has taken place in the period since 1925, including (1) a shift toward the West, (2) a decline in farm population, (3) an increase in urban population with the suburbs growing much more rapidly than the cities. A related development is the increasing traffic congestion in the heart of the cities and on the main roads leading to and from the cities; this reflects the increasing use of automobiles and in turn tends to limit the usefulness and hence the demand for private passenger automobiles. To some extent the influence of these shifts in population tends to be offsetting.

The technological improvement in automobiles has been a substantial influence affecting the growth in demand for automobiles, but it has been a continuous development which has brought, in turn, self-starters, 4-wheel brakes, all-steel bodies, improved engine performance and durability, and finally automatic transmissions and back-up lights. Since population shifts and improvements in vehicles have been reasonably continuous over the past quarter-century, their influence will be implicit in the specific factors introduced into the equation.

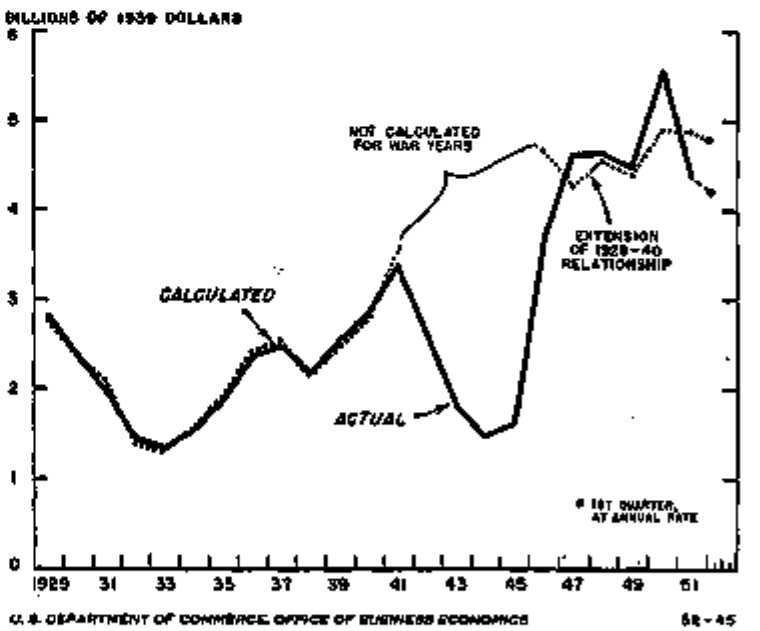
A final special influence affecting automobile sales is the long period during which a seller's market has prevailed. Eleven years have now elapsed since the automobile industry has been in the position of being able to produce more cars than customers were waiting to purchase. Under these conditions only a limited selling effort has been required. There has been no need nor opportunity to push the sale of cars in the manner which was the rule in the industry before the war. But now that the backlog demand in terms of numbers has been satisfied, as materials become more readily available increased production of automobiles will make possible some appeal to price-conscious customers.

In sum then, if the materials situation permits and general economic conditions remain favorable, the automobile industry may be expected to again place increasing stress upon merchandising policies. No market formula can give more than approximate results, and as pointed out earlier, a moderate change in the factors can alter substantially the market calculation.

Household Appliances and Furniture

Consumers purchased more household appliances and furniture in relation to real income in the early postwar years than in the prewar period 1929–40.[7] As shown in the chart, this margin was substantial in 1947, but narrowed in the two succeeding years.[8] In 1950, again, the buying ahead of these products resulted in purchases substantially higher than that indicated on the basis of prewar relationships. This was followed by a decline of about one-fifth in 1951, at which point the volume of purchases was below that of any year since 1946, and appreciably below the rate indicated by prewar relationships.

Volume of MAJOR HOUSEHOLD APPLIANCES and FURNITURE purchased in 1951 was below the prewar relationship to income



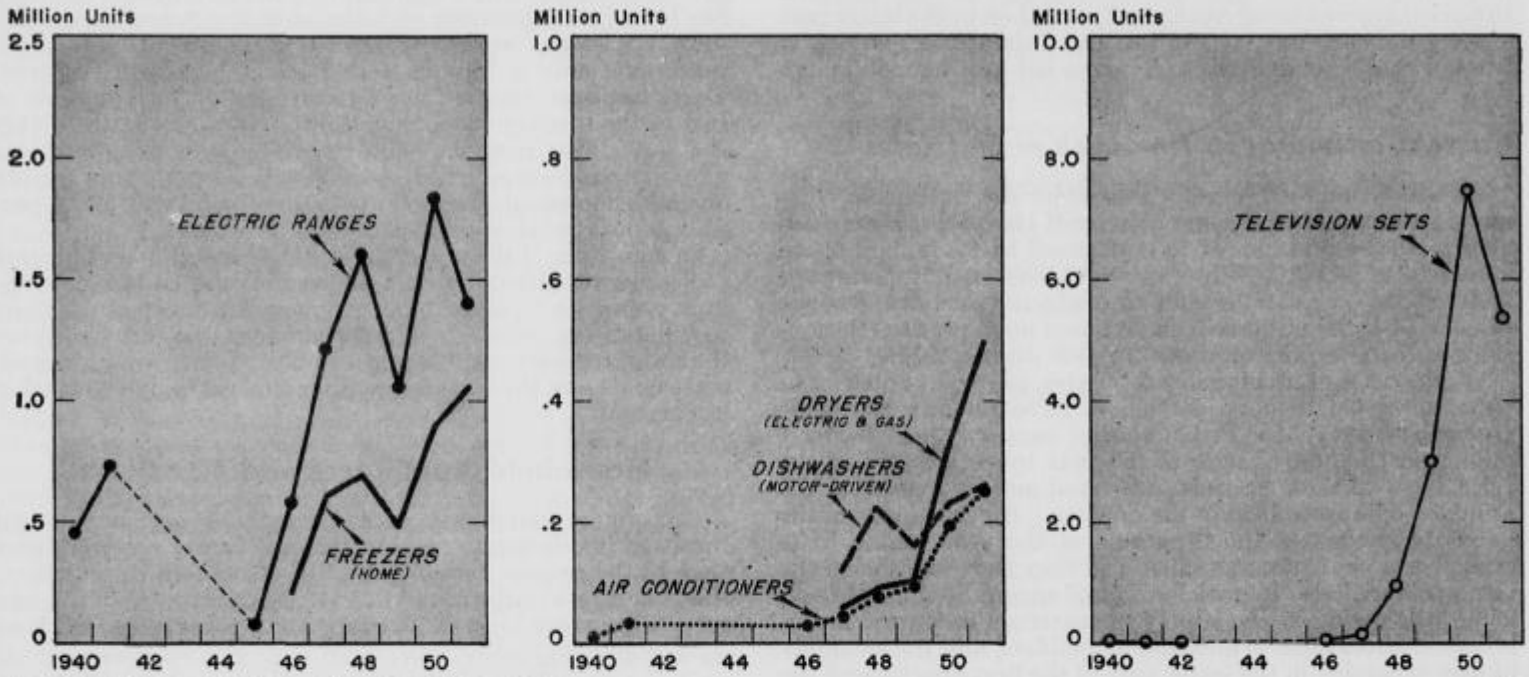
[4] Installment credit data from the Federal Reserve Board.

[7] Major household items include: Furniture; floor coverings; refrigerators, and washing and sewing machines; miscellaneous electrical appliances except radios; cooking and portable heating equipment; radio and television receivers, phonographs, parts, records, pianos and other musical instruments.

[8] Calculated from a linear least squares regression for the years 1929–40. Equation: $Y = -69.05 + 0.0626\ X_1 - 0.3401\ X_2$, where X_1=real disposable income per household in 1939 dollars; X_2=time; Y = major household items per household in 1939 dollars. Coefficient of correlation $R = 0.96$.

Sources of data: Actual—U. S. Department of Commerce, Office of Business Economics; calculated income—U. S. Department of Commerce, Office of Business Economics.

Household durable goods with strong growth trends in sales



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Strong growth trends for some appliances

For these major items as a group, the general level of spending in the postwar years has been roughly in line with prewar relationships to income. The individual items, however, have been subject to a great deal of shifting in the years since the end of the war. Thus, the most important household appliance in terms of value of sales, television, is strictly a postwar development as shown in the accompanying chart, and the tremendous growth in television sales has been accompanied by a decline in sales of radios. Farm and home freezers, clothes dryers, and air conditioners are other major appliances, sales of which have become significant only in the years since the end of World War II. Electric ranges, refrigerators and washing machines, which were all growing rather rapidly in the decade before the war have all reached much higher sales in the postwar years.

Sales off, stocks up in 1951

Sales of most of these products were lower, however, in 1951 than in other recent years. Only a few of the products with especially strong growth trends—such as freezers, dishwashers and clothes dryers recorded higher sales in 1951. The major appliances which were already in wide use before World War II—refrigerators, vacuum cleaners, washing machines, and electric ranges—experienced a sharp drop in demand during 1951, and sales were only moderately higher in the opening quarter of 1952. These products had shared heavily in the wave of anticipatory buying during the latter part of 1950 and the first quarter of 1951. When buying declined sharply in the second quarter, production, which had been advanced substantially higher than in 1948, was cut nearly one-half by mid-summer. By this time considerable accumulation of inventories of these products had developed in factories and trade channels.

The stock accumulation was general, though there was some variation among those products for which estimates are available. The stock position in these lines differs from that in the automobile industry, where inventories have remained moderate.

The principal deviation from the general pattern was the delay in stock accumulation of farm and home freezers. Stocks of freezers were low in the first half of 1951 and rose only moderately through the summer months as consumer buying was well maintained through the usual seasonal peak in the summer period. Stocks held by factories and distributors were equal to 1 month's sales by August of 1951, but thereafter rose rapidly, reaching a peak in February 1952 about three times as high as current monthly factory sales.

For the year 1951 as a whole, factory sales of freezers passed the million mark for the first time, exceeding sales of the year before by 160,000. By contrast, refrigerator shipments at 4 million units in 1951 were a third lower than in 1950 as stocks in factory and distributors' warehouses rose by one-half million during the year.

Electric range sales and stocks have followed the same pattern as refrigerators, though the industry has had a considerable expansion in the postwar period, as shown in the accompanying chart. Factory shipments of 1.4 million in 1951, while down nearly one-fourth from the preceding year, were, nevertheless, the highest of record except for that year and 1948. Stocks of factories and distributors, which had been about equal to one month's sales at the beginning of the year, were equivalent to about two months' sales at the reduced rate at the year-end.

Though stocks of these three major appliances—freezers, refrigerators, and electric ranges—in the hands of manufacturers and distributors early in 1952 were as high or higher than in mid-year 1951, the scattered information available indicates considerable decline in retail stocks of these products during this period.

Inventories of television sets were substantially curtailed at all stages of production and distribution in the latter part of 1951. The contrast with refrigerators is principally due to seasonal influences, which brought a rise in television sales after midyear and a decline in refrigerator sales. Except for the seasonal influences, the sales trends in the past year are roughly similar.

Over a longer period of time, the prospects are quite different. Refrigerators have had a remarkable growth

during the past 20 years, and are now in use in nearly all homes wired for electricity in the United States. Television has grown rapidly since the war but has reached only a fraction of its potential. There are now about 15 million television sets in use, or about one in every third home. In five major cities with three or more stations, between 55 percent and 65 percent of the homes have television sets.[9] One influence which contributed to the temporary halt in the growth of television sales was the freeze on new television stations. The opening of new stations in areas not now served will broaden the market for television.

Less decline in furniture

The demand for furniture and housefurnishings held up appreciably better in 1951 than that for the major household appliances. Retail sales of furniture and housefurnishings stores were as high as in 1950, whereas sales of the appliance and radio stores were down more than 10 percent. In the first two months of 1952, sales of furniture and housefurnishings stores were below the records established a year earlier but were higher than at any time in the pre-Korean period. Stocks held by both manufacturers and retailers were pared during the latter part of 1951, and were lower in the first two months of 1952 than a year earlier. In general, the fluctuation in demand for these products has been less extreme than that for the major appliances.

The fear of shortages, which was one of the influences leading to the anticipatory buying, was of little consequence for the furniture and housefurnishings items. To the extent that the anticipatory buying was a reflection of expected price advances, these products were on a par with the major appliances, as their prices have in general shown greater fluctuations. In the case of carpets, the price change was sharply upward in 1950 and early 1951 as raw material prices—especially carpet wool—soared.

Although the anticipated shortages which spurred consumer durable buying did not develop, the anticipated price rises have been realized for an important group of the products. For automobiles, the increase in retail prices paid by consumers has been about 10 percent since June 1950. Prices of furniture and major appliances except television have shown a somewhat similar rise, and the first substantial reduction in list prices occurred in early 1952. On the other hand, these articles have been available at special sales, and discounts have increased substantially. Television prices have been reduced, both list and effective prices, more than enough to offset the imposition of the manufacturers' excise tax of 10 percent in November 1951.

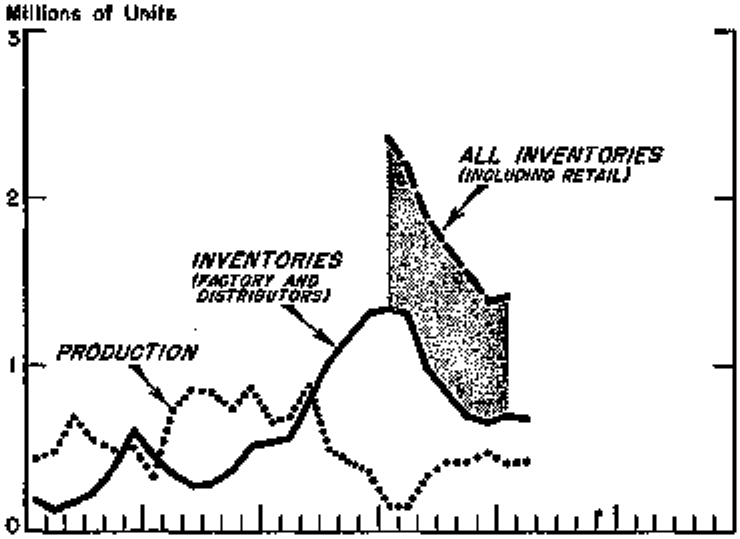
Supplies adequate

The supply of materials for the major household appliances became a potential problem when shortages brought restrictions and allocations during 1951. A combination of expanding raw materials output, the "stretch-out" in defense schedules, and—most important of all—restrained consumer demand has resulted in good supplies for current needs.

Technical Notes

Though simpler equations are often possible for other kinds of products, none of the variables in the automobile demand equation could be dropped without reducing appreciably its estimating value. Furthermore, because each of the variables represents an important element in the demand situation, only limited substitution of other factors was at all promising. There were, however, a number of almost equally plausible arrangements, four of which yielded good estimates which met the usual canons for such relationships. As will be explained, there was a considerable margin of preference for the equation presented in the chart over each of the alternative ones. Three of the four equations gave estimates for recent years quite close to those shown in the

INVENTORY ADJUSTMENT has been substantial for television sets . . .



but refrigerator stocks remain high.

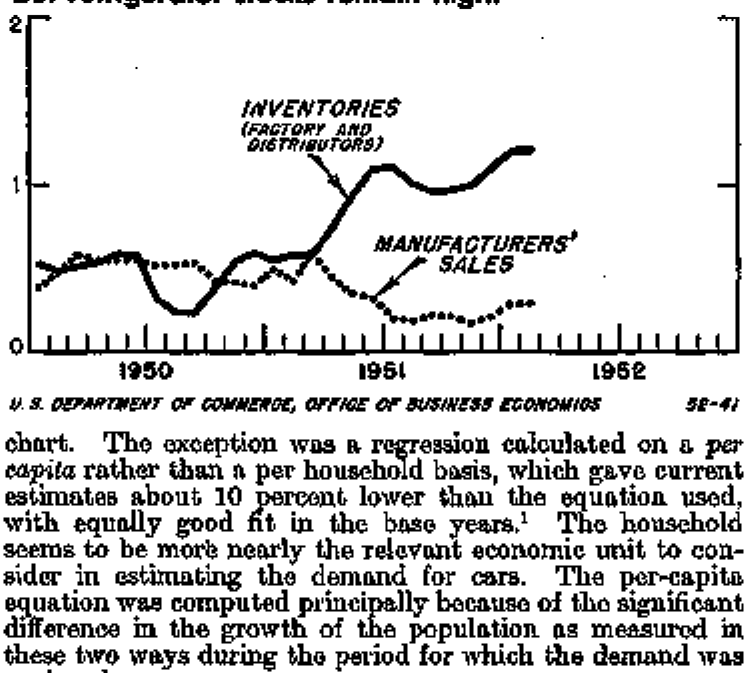


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chart. The exception was a regression calculated on a *per capita* rather than a per household basis, which gave current estimates about 10 percent lower than the equation used, with equally good fit in the base years.[1] The household seems to be more nearly the relevant economic unit to consider in estimating the demand for cars. The per-capita equation was computed principally because of the significant difference in the growth of the population as measured in these two ways during the period for which the demand was analyzed.

A second alternative was the substitution of a time variable for the scrappage age.[2] This made little difference in the calculated values for this period, but might introduce errors if there is a change in the scrappage trend.

Other alternatives include (a) the use of the same factors

[9] Source: Radio—Television Manufacturers Association.

[1] Calculated from a least squares regression for the years 1925–40. Equation: $Y=0.03842 X_1^{[illegible]} X_2^{[illegible]} X_7^{[illegible]} (0.881)^{t}$, where X_1=real disposable income per capita in 1939 dollars; X_2= percentage of current to preceding year in real disposable income per capita in 1939 dollars, X_3 and X_4 are the same variables as shown in footnote 4 on page 20 and Y=new private passenger car registrations per 10,000 people. Coefficient of correlation R=0.98.

[2] Calculated from a least squares regression for the year 1925–40. Equation: $Y=0.0005852 X_1^{[illegible]} X_2^{[illegible]} X_7^{[illegible]} (0.991)^{t}$, where all variables are the same as those shown in footnote 4 on page 20 except t=year minus 1925. Coefficient of correlation R=0.98.

on a total rather than a per household basis,[3] and (b) the use of the same factors on a linear rather than a logarithmic basis.[4] These accounted for a somewhat smaller proportion of the variation in new auto registrations, and were less logical relationships, though they gave similar current estimates to the equation used.

One of the important limitations of the method used in estimating the demand for automobiles is that the relationships are based upon a 16-year period which ended 12 years ago. By any standard this is an uncomfortably long period to extrapolate results, and values for some of the variables are well beyond the values prevailing in the base period. The number of households has risen by two-thirds since 1925 and the scrappage age is now considerably above the peak of 10 years reached in 1940. On the other hand, real income per household is only about one-sixth higher than the peak reached during the base period in 1929. The price ratio in recent years is moderately above any base year.

The price used for automobiles is the retail price index of the Bureau of Labor Statistics for the period for which it is available, 1935 to date, linked to an index derived from the wholesale value and number series of the Automobile Manufacturers Association for prior years. These two series differ in a number of characteristics, the most important of which is that the BLS data represent specific models or makes, whereas the AMA are derived from the total sales in each year and vary with the changing product mix of the industry.

The new registrations estimates are affected by special provisions in certain State laws which result in small differences between sales and registrations of new cars. Neither of these limitations seems sufficiently important to affect seriously the results obtained.

New Construction Activity in 1952

(Continued from page 12)

Long-run backlogs of demand large

The figures discussed above reflect only the immediate backlog of public construction which can be expected to influence activity during the next year or two. Of significance also is the fact that for most types of nondefense public construction, much larger backlogs as indicated by need are plainly evident. Despite the deficiencies in both streets and highways, the present level of highway construction in terms of constant dollars is below that for 1939 and 1940.

The longer-run backlog of other types of public construction is also large. Estimates indicate that approximately 250,000 new classrooms are presently needed to correct only the most obviously unsatisfactory conditions. An additional 350,000 new classrooms will be needed during the course of the next 7 years to keep pace with the normal replacements and the increase in school enrollment. This program is estimated to cost approximately $20 billion. Further, hospital bed shortages are presently estimated at about 900,000, as compared with new additions in 1951 of 40,000. These figures serve to point up the potential magnitudes involved in the longer-run backlog of nondefense public construction, provided the means can be found to finance and support an expansion of this nature.

[3] Calculated from a least squares regression for the years 1925–40. Equation: $Y = 0.0000061[illegible] X_1^{[illegible]} X_2^{[illegible]} X_3^{-1.[illegible]} (0.941)^{X_4}$, where X_1 = real disposable income in millions of 1939 dollars; X_2 = percentage of current to preceding year in real disposable income in millions of 1939 dollars; X_3 and X_4 are the same variables shown in footnote 1 on page 20 and Y = new private passenger car registrations in thousands. Coefficient of correlation $R = 0.97$.

[4] Calculated from a linear least squares regression for the years 1925–40. Equation: $Y = [illegible] + 0.1001 + 0.0941 X_3 - 1.1244 X_3 - 6.4374 X_4$, where all variables are the same as those shown in footnote 1 on page 20, except X_1 = change in real disposable income per household in 1939 dollars. Coefficient of correlation $R = [illegible]$.

Business Investment and Sales in 1952

(Continued from page 18)

expansionary force on the economy as in the earlier post-Korean period.

Businessmen's sales expectations for 1952 show not much change from actual rates in the early part of the year. Possibly as a reflection of businessmen's projection of maintenance in sales in the near-term, inventory investment has been evidencing stabilizing tendencies in recent months at levels not far out of line with usual sales relationships. Future inventory movements, therefore, may be expected to depend upon the course of sales for the rest of this year.

As to the other principal sectors of the gross national product, the major increase—and a large one—comes in Government procurement for defense which will rise throughout 1952. There is less certainty as to the trend in consumers' investment in houses or their purchases of goods and services—although, as discussed more fully elsewhere in this SURVEY, housing demand is currently quite strong and consumption expenditures are showing some firming tendencies. The latter remain low nevertheless in relation to current income.

Thus, Government is the only sector which is certain to have an expansionary effect on total economic activity in 1952. Any other significant movement in national product which may occur will probably be dependent on changes in consumers' demand.

New or Revised Statistical Series

GOVERNMENT PURCHASES OF GOODS AND SERVICES—NEW SERIES FOR 1947–1951 FOR PAGE S-1[1]

[Seasonally adjusted quarterly totals at annual rates; in billions of dollars]

Item	1947					1948					1949					1950					1951				
	I	II	III	IV	Total	I	II	III	IV	Total	I	II	III	IV	Total	I	II	III	IV	Total	I	II	III	IV	Total
Government purchases of goods and services	27.4	28.4	29.7	29.9	28.6	31.8	35.0	38.9	40.2	36.8	43.1	44.5	43.5	42.2	43.0	41.3	40.1	40.8	47.8	42.5	53.2	60.3	67.7	70.7	63.0
Federal	17.0	17.2	16.6	16.9	17.1	18.2	21.1	23.3	24.0	21.7	25.9	26.6	25.0	24.3	25.9	22.2	21.1	21.4	27.5	23.1	32.4	39.1	46.4	49.2	41.8
National security	12.0	16.0	11.6	13.2	13.2	14.6	16.0	16.9	17.2	16.1	19.4	20.5	19.4	17.6	19.3	17.0	17.3	18.1	24.1	19.1	28.9	35.3	41.8	44.1	37.5
National defense[2]	12.0	13.0	10.8	11.0	12.2	11.5	11.0	11.4	12.8	11.7	13.0	13.9	13.5	12.3	13.5	12.6	12.2	14.4	20.2	14.9	25.6	31.7	38.6	40.5	34.1
Other national security[3]	.3	2.0	.9	1.3	1.1	3.1	4.1	5.5	4.0	4.4	5.8	6.6	5.9	4.7	5.7	4.4	5.1	3.7	3.9	4.3	3.3	3.6	3.2	3.6	3.4
Other	4.7	1.0	5.0	3.5	3.6	3.7	5.5	6.4	6.7	6.0	6.0	6.3	5.6	6.6	6.6	5.3	3.8	3.2	3.4	3.9	3.6	3.7	4.6	5.1	4.2
Less: Government sales	2.1	1.3	.9	.9	1.3	1.1	.7	.4	.4	.6	.3	.3	.7	.1	.4	.3	.2	.2	.2	.2	.2	.2	.2	.2	.2
State and local	11.0	12.5	13.0	13.4	12.8	14.4	15.1	16.1	16.7	15.6	17.5	17.9	18.4	18.8	18.1	19.2	19.2	19.7	20.4	19.7	21.0	21.3	21.4	21.7	21.4

[1] Compiled by *U. S. Department of Commerce, Office of Business Economics.* New series showing additional detail of Federal purchases for 1947–51. Data on national security purchases are comparable to the war purchases series shown for 1939–46 in table 2, p. 150, and table 43, p. 207, of the 1951 National Income Supplement to the SURVEY OF CURRENT BUSINESS. An explanation of the earlier series appears on p. 135 of the Supplement.

[2] Includes the purchases of the following agencies: Atomic Energy Commission, Defense Department, Maritime Administration (before 1950), National Advisory Committee for Aeronautics, and Selective Service System; and for the following programs: Defense production and economic stabilization, foreign military assistance administered by Mutual Security Agency (formerly Mutual Defense Assistance program), and the stockpiling of strategic and critical materials.

[3] Includes the purchases of the following agencies: Maritime Administration (after 1950), National Security Council, National Security Resources Board, Philippine War Damage Commission, and State Department; and for the following foreign economic assistance programs: Those now administered by the Mutual Security Agency, government and relief in occupied areas, India Emergency Food Aid, International Children's Emergency Fund, and Yugoslav Emergency Relief Assistance.